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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

APR 7 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Implementation of Section 9)	MD Docket No. 94-19
of the Communications Act)	
)	
Assessment and Collection of)	
Regulatory Fees for the 1994)	
Calendar Year)	

COMMENTS OF AMERITECH

Ameritech respectfully submits its Comments in response to the Federal Communications Commission's ("Commission's") Notice of Proposed Rulemaking¹ in this matter. These Comments are limited to specific topics as listed.

1. Installment Payments Should Be Authorized For Large Fees

The Commission's proposal to establish a fixed annual amount (based upon the relative payment obligations of parties within each fee category)², above which payees of such so-called "large" fees would be permitted to pay in two annual installments in FY 1994, is reasonable. This approach is also in alignment

¹ In the Matter of Implementation of Section 9 of the Communications Act: Assessment of Regulatory Fees for the 1994 Fiscal Year, MD Docket No. 94-19, Notice of Proposed Rulemaking, adopted March 4, 1994 ("NPRM").

² NPRM at 16 (para. 29). Wherever possible, the payment obligations themselves should be calculated on the basis of officially-reported data sources (e.g., the ARMIS 43-04 Report, Line 9010, which reflects each company's total billable access lines). The use of reported statistics is preferable to unofficial summaries such as the "USTA Holding Company Report", which was apparently the basis for the illustrative annual fee table included in the NPRM at Appendix C, Table 4.

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with the stated purpose of Congress in this regard; i.e., "(t)o further ensure fair administration of the user fee proposal."³

Ameritech also supports the proposal that four or more installments should be permitted for "large" fee payers in future years. This approach is fair in light of the relatively high proposed levels designating fees as "large" for this purpose. For example, the proposed \$700,000 dividing line between "large" and standard fees for Local Exchange Carriers represents a sizable payment; the interest on this amount for a 1-year period, which could exceed \$50,000, is certainly not insignificant by any measure. To penalize any specific group of regulatees by causing them to incur such a cost penalty would clearly be inequitable.

2. Local Exchange Carrier Fees Should Be Assessed on a Holding Company Level

The Commission's proposal to assess regulatory fees for local exchange carriers on a "holding company" level (rather than an operating company level) is reasonable as well. Since Ameritech already files its interstate access tariffs, calculates its price caps sharing obligations, and applies exogenous cost factors on a regional level, assessing regulatory fees on that same basis is equitable as well. In addition, the aforementioned "fair administration" rationale for permitting installment payments applies most directly to the overall enterprise.

3. Competitive Access Providers (CAPs) Which Provide Local Exchange Services Should Be Treated As "Traditional" Local Exchange Carriers

The Commission's proposal to assess each CAP an annual regulatory fee of \$60.00 per 1,000 subscribers⁴ requires clarification. The NPRM's proposed

³ H.R. Rep. No. 207, 102d Cong., 1st Sess. 11, 17 (1991); see also NPRM at 15-16 (para. 28).

⁴ NPRM at 36 (para. 90).

definition of a "CAP" (i.e., "companies, other than the traditional local telephone companies, that provide interstate access services ...")⁵ ignores the fact that the historical boundaries between providers have been erased by the accelerating convergence of technologies and services into a single integrated marketplace. CAPs already have networks giving them access to 29% of Ameritech's local exchange service revenue base⁶, and have already filed for state certification as local exchange carriers in three states of Ameritech's five-state service area.⁷

In light of today's rapid merging of services, technologies and operating entities, and the aggressive moves of some former "CAPs" into the local exchange business, the Commission's rules should not favor specific corporations based on an historical characterization of "traditional local telephone companies". Any entity, once certified as a local exchange service provider, should be treated as such for all regulatory purposes, including fee assessment and other measures implemented in this proceeding.

4. Regulatory Fees Assessed Under New Section 9 Qualify For Exogenous Treatment Under Price Caps Rules

By way of clarification, the Commission should explicitly state that the full cost impact of any adjustments to regulatory fees or to their methods of calculation of administration will be treated as exogenous costs under the Price Caps rules. Exogenous costs are those costs that (1) "are triggered by administrative, legislative or judicial action beyond the control of the carriers,"⁸

⁵ Ibid. (emphasis added).

⁶ See Supplemental Paper of Dr. David Teece, Att. J to Ameritech's Reply Comments, In the Matter of a Petition For A Declaratory Ruling and Related Waivers to Establish a New Regulatory Model for the Ameritech Region: Customers First: Ameritech's Advanced Universal Access Plan, DA 93-481 (filed July 12, 1993), at 19-22.

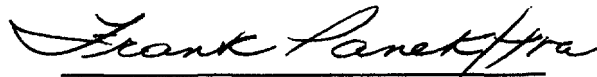
⁷ MFS has filed for certification in Illinois, MCI in Indiana, and City Signal in Michigan.

⁸ In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, Second Report and Order (adopted September 19, 1990), at 69 (para. 166).

and (2) are not so universal in application as to "be reflected in the inflation variable of the PCI (Price Cap Index)."⁹

The new fees to be applied in this proceeding meet both requirements. Since the instant proceeding may result in adjustments to the Commission's fee schedules as a result of various Congressional directives,¹⁰ the costs of any fee schedule changes or administrative adjustments are clearly beyond the control of the carriers affected. In addition, since these costs would affect only entities in the telecommunications industry (local exchange carriers, cable TV operators, etc.), the inflation measure reflecting the entire U.S. economy will be unaffected by their imposition. Thus, such new costs should clearly be accorded exogenous treatment.

Respectfully submitted,



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⁹ In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, Order On Reconsideration (adopted April 9, 1991), at 29 (para. 63).

¹⁰ See generally, NPRM at 3-7 (para. 3-10).